



# City of Asheville, NC

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## Finance Department

### Minutes

Finance Committee  
3:30 p.m., July 12, 2011  
HR Training Room, 6<sup>th</sup> Floor, City Hall

**Present:** Committee: Councilman Bill Russell (Chair), Councilman Cecil Bothwell, Councilwoman, Councilman Brownie Newman

**Absent:** Esther Manheimer

**Staff:** Gary Jackson, Lauren Bradley, Tony McDowell, Cheryl Heywood, John Sanchez, Steve Shoaf, Pat Liguori

- Approval of 5/24/2011 Minutes
  - The minutes of the 5/24 meeting were approved by the committee.
- Water Rates for Manufacturing Class of Customers:
  - Steve Shoaf gave the committee information about the top 15 water customers by class based on the amount of revenue to Water Resources as well as usage and various cost comparison information. He also discussed the a number of cost saving initiatives Water Resources is implementing, and recommendations of Raftelis financial consultants as outlined in the June 9 e-mail to Mr. Shoaf from Lex Warmath at Raftelis Consulting.
  - Councilman Newman said if we are to implement a special class of rate pay we have to determine what that class is defined as. Mr. Shoaf said that the definition of “manufacturing”, whether it is based on the type of business, or some other criteria, needs to be a policy discussion. Councilman Newman said that with the capital needs of the system, all customer classes are increasing and that manufacturing groups are disproportionate to jobs. He recommended that in order to equalize water rates, we phase in the rate change over a longer period of time than the 5 year recommendation. Councilman Bothwell said that hospitals employ a large number of employees, and therefore should be considered for the manufacturing rate, based on the quantity of water used. He further recommended that a matrix be set up that would include the number of employees a business employed, the average wage, and depending on whether they paid a living wage or not, they would get the benefit of the lower rate. Mr. Shoaf said that MSD has taken a similar approach, and has implemented a 20 year phase-in program.

- Councilman Russell asked staff to do a cost comparison by pulling out the 50 or so manufacturing customers, extend out the time frame from 5-20 year phase-in and figure out the revenue impact for each of those years. Mr. Jackson suggested that “manufacturer” be defined by whether the facility is where the manufacturing actually takes place, and by the “TW code”, which is the IRS tax code used for filing that indicates they are a manufacturing business. Staff will research the possibility of obtaining this information based on those criteria.
- Ms. Bradley said that based on the finance committee’s recommendation, staff will do additional analysis and come back in the fall to get further input as part of the budget process. The committee requested that the information be presented in early October and completed by December, before the new council comes on board.
- Annual audit update
  - Brian Broom of Dixon Hughes was unable to make the meeting due to sickness. Lauren said he would give periodic updates at future meetings. Ms. Bradley gave the committee an overview of the annual audit process and preparation of financial statements, including the time frame for each phase of the work to be completed by the auditors and staff. At the August meeting, staff will provide a progress report to the finance committee.
- 2012 Debt Issuance
  - Ms. Bradley discussed FY2012 debt financing plans as outlined in the current year Budget. The City anticipates the issuance of new debt in February or March 2012 that will combine the permanent financing for the 51 Biltmore Avenue Garage; the refinancing of the existing COPS 1997 Bonds and an Installment Loan from 2006; as well as the issuance of the new debt for capital projects approved as part of the FY 2012 budget. The refinancing of the 1997 and 2006 debt is expected to save about \$1 million in interest cost based on current favorable market conditions for borrowing. Ms. Bradley wanted to bring the subject forward at this meeting in advance of the Council Meeting on July 26 where she will bring a Reimbursement Resolution to full council on 7/26, which will provide for expenditure reimbursements to the City prior to the actual debt issuance.